

# WASHINGTON STATE DEPARTMENT OF REVENUE

## SPECIAL NOTICE

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For further information contact:  
Telephone Information Center  
1-800-647-7706 or (360) 486-2345

Alternate Formats (360) 486-2342  
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### **Excise Tax Exemption for Small Water Districts and Small Irrigation Districts**

Legislation passed in 1997 exempted small water-sewer districts and small water systems meeting certain criteria from the public utility tax (PUT) and the business and occupation (B&O) tax.

**Effective July 1, 1998**, the statute is amended to add small irrigation districts *that provide residential drinking water* and meet certain other criteria listed below to those eligible for the exemption. In addition, the administration of the exemption has been shifted from the Department of Health to the Department of Revenue.

To qualify for the exemption water-sewer districts, water systems, and irrigation districts must meet the following criteria:

- ◆ The water-sewer district must be established under Title 57 RCW.
- ◆ The irrigation district must be established under Title 87 RCW.
- ◆ The water system must be operated or owned by a qualified management agency under RCW 70.116.134.
- ◆ The water-sewer district and the irrigation district must have less than 1500 connections.
- ◆ The water system must have less than 200 connections.
- ◆ Charges by all three types of water service providers must exceed 125 percent of the average state-wide residential water rate as published by the Department of Health on or before July 1 of each year.
- ◆ All three types of water service providers must provide proof to the Department of Revenue that they will expend at least 90 percent of the value of the exemption to repair, equip, maintain, and upgrade the water system.

Qualifying water service providers must fill out the Public Utility Tax and Business and Occupation Tax Exemption for Small Public Water Systems form and submit to the Department of Revenue to receive the exemption. The form is available on the Department's web site at <http://dor.wa.gov> or by calling the Telephone Information Center at 1-800-647-7706.

### **The exemption is scheduled to expire July 1, 2004**

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 486-2342. Teletype (TTY) users please call 1-800-451-7985.

